COUNTY OF LOUDOUN

Department of Planning **# X**

Memorandum

DATE: May 28, 2010

TO: Loudoun County Board of Supervisors

FROM: Judi Birkitt, Project Manager
Julie Pastor, Director

SUBJECT: ZMAP 2008-0021, Kincora Village Center
June 2, 2010 Committee of the Whole

RECOMMENDATIONS:

Planning Commission
On April 21, 2010, the Planning Commission voted 7-2 (Maio and Robinson - opposed) to forward the application to the Board with a recommendation of approval. The Commission also voted 7-2 (Maio and Robinson – opposed) to recommend that the Board approve the Applicant's request to create a Community Development Authority to finance the project's transportation improvements.

Staff
Staff cannot support the application, as County land use policy does not support residential uses within Keynote Employment areas or within this area of the Route 28 Tax District and does not support the proposed amount and scale of commercial retail and service uses. Land use phasing does not ensure that an employment district will develop, and transportation phasing does not fulfill the needed regional connections in a timely manner. Further discussion is needed to ensure that capital facility impacts are mitigated.

BACKGROUND AND UPDATE:

The Board held a Committee of the Whole meeting on this application on May 18, 2010. Discussion focused on land use and land use phasing, the timing of road improvements, capital facilities, unmet housing needs, and site design. A summary of the direction that the Board gave the applicant and the status follow:

1. Pacific Boulevard Alignment – The Board directed the applicant to proffer to the westernmost Pacific Boulevard alignment that would not bisect the residential structure to the north. The applicant has submitted draft proffer language that indicates a commitment to that alignment but also allows for relocating the roadway in the event that the property owners no longer object.

2. Gloucester Parkway – The Board requested that the applicant explore other options for constructing Gloucester Parkway without a CDA, including constructing 2 lanes of Gloucester Parkway instead of 4 and providing cash in lieu of construction. The applicant has estimated the cost of a two lane section at $20 million. The applicant has also submitted an alternative proposal

for constructing Gloucester Parkway earlier without a CDA. (See Attachment 1.) Staff is currently reviewing this new information.

3. CDA "Reasonable Extensions" Language - The Board directed the applicant to clarify the "reasonable extensions" language in the CDA related transportation proffer that states that with a CDA, the road improvements would be constructed "within three (3) years of the date the CDA is created by the Board, with reasonable extensions to be granted by the Board should market conditions not permit issuance of CDA bonds at a rate of interest that is within one percent (1%) of the average issuance rate for other CDAs in Virginia." This language is under review by the Office of the County Attorney.

4. Proffered Public Use Site - The Board directed the applicant to separate the 5-acre public use site from the pending Public-Private Education and Infrastructure Act (PPEA) for the Route 7/28 Fire and Rescue Station and to provide access and extend utilities to the site prior to conveyance to the County. The applicant has submitted modified proffer language that: (a) Deletes the reference to the PPEA process; (b) Commits to extending utilities to the site and constructing access to the site concurrent with development of the fire and rescue facility; and (c) In the event that the Board does not vote to locate the fire and rescue facility on the site, proffers to dedicate that site or another 5 buildable acres on the property for a public use other than animal shelters (as distinguished from and not to include pet adoption centers), detention facilities, solid waste facilities, day labor centers, equipment and material storage yards and publicly owned or group living residential uses.

5. "Non-Compete" Proffer - During the meeting, the applicant agreed to include proffer language, similar to the One Loudoun project, prohibiting retail areas that would duplicate retailers already in Dulles Town Center. The applicant has submitted that language; it is under review by the Office of the County Attorney.

ISSUES STATUS:

Resolved

The following issues are in the process of being resolved, however, review of the final Proffer Statement is necessary prior to Board action:

1. Open Space Preservation Program –To offset the proposed residential density, the applicant has agreed to apply the entire 162-acre floodplain dedication towards participation in the County's Open Space Preservation Program.
2. Route 28 Tax District Residential "Buy-out" – Staff has research and believe they have an approach as to how to apply a residential buy-out formula to a mixed-use building that includes residential use will provide the buy-out calculation prior to Board action.
3. River & Stream Corridor – The applicant has revised the proffers to preserve the river & stream corridor resource in the event the floodplain is altered.
4. FSM and LSDO Modifications – The applicant has removed the Facilities Standards Manual and Land Subdivision Development Ordinance modifications from the Proffer Statement, as these are reviewed at site plan.

Outstanding

The following issues remain outstanding:

1. Land Use Phasing – Proffered phasing does not ensure that an employment district will develop. The proffers do not guarantee any development beyond 950,000 square feet or 1.1 million square feet of office, depending on whether an occupancy permit is issued for the stadium, (including the 901,000 square feet approved with the special exception). As proffered, the project could develop as predominantly residential (1,400 multi-family residential units) and commercial retail and service (942,825 square feet), contrary to the PD-MUB (Planned Development – Mixed Use Business) zoning district and the Revised General Plan. The Revised 1993 Zoning Ordinance requires that "At least 40% of the total floor area of the district shall be devoted to uses listed in the Employment use category. Employment uses shall always have the largest percentage of floor area in the district." [1] Keynote Employment and Regional Office policies call for offices to be the prominent features when viewed from periphery roads and the predominant use in terms of percentage of site occupied. Staff continues to recommend that the applicant revise the proffered land use phasing to shift some of the residential and retail from Phase 3 to Phase 2.

2. Residential Land Use - The applicant proposes 1,400 multi-family residential units within an employment corridor that is planned for 100% premier office and in an area of the Route 28 Tax District where residential uses are not envisioned. Services such as schools, libraries, and parks are not planned or programmed to serve the residents. The proposed number of residential units also exceeds the 720 that the Revised General Plan (RGP) would support as a balanced mix of uses under the Regional Office land use category.

3. Amount and Scale of Commercial Retail and Service Uses – To ensure that the development's commercial retail and service uses are employment supportive rather than destination or drive-by oriented retail, the Retail Plan limits the amount of commercial retail and service uses to 136,110 square feet and limits the size of large-scale free-standing retail buildings to 50,000 square feet. The proposed 873,825 square feet (including 475,000 square feet of hotel floor area) and the 3 60,000 square foot free-standing retail buildings exceed policy guidance. The applicant has, however, proffered to design standards to ensure that the large-scale buildings appear and function as part of a pedestrian-oriented community.

4. Road Improvement Phasing – (a) As proffered, without a Community Development Authority (CDA), there is no guarantee that Gloucester Parkway will be constructed. The proffered trigger is beyond 1,400 residential units and 2.4 million square feet of non-residential uses (only 1.3 million square feet of non-residential uses would remain). As noted earlier, the proffered land use phasing does not guarantee construction in excess of 2.2 million square feet of non-residential uses. (b) The connection of Pacific Boulevard north to Russell Branch Parkway is proffered to occur before development could go beyond 1.145 million square feet of non-residential uses or 796 dwelling units. It would be advantageous to the County to have at least one up-front crossing of the Broad Run to ease the traffic on Waxpool Road and to provide a direct route from Ashburn to Route 28.

[1] Permitted Employment Uses: (1) Offices, administrative, business or professional and (2) Research and development. Special Exception Employment Uses: (1) Flex-industrial uses, pursuant to Section 5-608, (2) Manufacturing, processing, fabrication and or assembly of products, and (3) Wholesale Trade Establishment. Revised 1993 Zoning Ordinance, Section 4-1355 (A) (1).

(c) Currently, proffers do not guarantee that with a CDA, the two roadways would be constructed within 3 years of the date the CDA is created. The applicant has submitted revised proffer language to strengthen the CDA timing; it is under review in the Office of the County Attorney.

5. Capital Facilities – The anticipated capital facility impact of this project is $33,261,200. (Twelve of the 228 unmet housing need units are proffered to be affordable for purchase or rental by households whose income does not exceed 30% of the AMI; it may be reasonable to exclude these from the capital facility contribution. If the Board wishes to give these 12 units capital facility "credit", the capital facility impact of this development would be reduced to $32,976,104.) (a) Proffered contributions that meet the County's definition of a "Capital Facility Proffer" include a 5-acre public use site and trails (total value $4,264,604). (b) The applicant no longer requests credit for 89 acres of the 162-acre floodplain dedication ($5,039,892), but continues to request credit for an observation platform ($25,000). An observation platform is not consistent with the County's Capital Facility definition and previous Board action, but as the public benefit of the observation platform is similar to trails, it may be reasonable to grant capital facility credit for it. (c) As shown on Table 2, the applicant is requesting a capital facility credit for $24,895,078 in regional road improvements, consistent with previous Board actions. (Refer to Attachment 2)

Table 2. Value of Road Improvements

Road to be Improved	Value of Off-site Improvements	% of Traffic Generated by Kincora	% of Excess	Value of Excess (proposed capital facility credit)
Gloucester Parkway	$31.9 million*	37%	63%	$20 million
Pacific Boulevard	$11 million	57%	43%	$4.8 million
TOTAL	**$43 million**			**$24.8 million**

*4 lanes

Timing is the issue. Upon further review, Staff could support a capital facility credit of $24.8 million for Gloucester Parkway, if it were proffered to be constructed early in the project. However, if the phasing is not modified, the Board may wish to support a maximum of $2.2 million in capital facility credit for the off-site connection of Pacific Boulevard to Russell Branch Parkway due to the benefit that it would provide to regional traffic. The figure is based on the percentage of traffic on the offsite section of the roadway, excluding the traffic generated by the proposed development.

Further, capital facility credit is not warranted if the road improvements are financed with a CDA, as a CDA would place a special assessment upon the site's non-residential uses. Without a CDA, the applicant will need to proffer to provide a per unit cash contribution to offset the $24.8 million in capital facility impacts.

6. Site Design – (a) The southern portion of the property (Land Bays N and Q) is isolated from the project's mixed use core, contrary to the compact development pattern intended for a PD-MUB zoning district. (b) Contrary to Revised General Plan design objectives, parking is located between the buildings and the street, and building placement and street design does not fully promote pedestrian safety and mobility. The illustrative site layouts depict buildings framing Roads 8 and 9, these are for illustrative purposes only. Proffers commit to a minimum of 4 stories or 50 feet in

height and no freestanding retail within 200 feet of the Route 28/Pacific Boulevard frontage, however, without commitments to predominantly office uses within each phase of development, there is no guarantee that the site will develop as an employment district.

BOARD QUESTIONS

The table below summarizes the Board's questions for staff from the May 18, 2010 Committee of the Whole meeting.

Topic Area	Questions and Direction for Staff
Land Use	• How much mixed-use development has already been approved in the County and is it built-out? Is there a balance of residential and employment uses in the County? • How much mixed-use development can the area absorb? What were the conclusions of the Route 7 Retail Market Analysis and the conclusions of the One Loudoun Retail Study? • What are the two approved mixed use projects within the Fairfax County Route 28 Tax District and are they built-out? • What is the distance between the proposed residences and the water treatment facility? • Provide a pie chart showing the land use mix as a best case scenario. • What are the overall land uses including open space, civic space, and roads. • Is the Transfer of Development Rights an option for this application? • When was the PD-MUB district created and what was the vote?
Transportation	• When will the roads be in place to mitigate the traffic generated by the stadium?
Capital Facilities	• How much capital facility credit should the applicant receive for regional road improvements? How much more would the applicant need to construct in order to receive capital facility credit? • Confirm that no capital facility credit has been given for proffered work force units.
Fiscal Impact	• What is the tax payout to the County for Dulles Town Center? What is the economic impact of other mixed use developments in the County? How many residential units and how much office space would have to be built to reach a break even point for the County in terms of net revenue to the County? • How does the design of the project impact economic development?
Environmental	• What are the air quality impacts due to automobile emissions?

1. How much mixed-use development has been approved in the County and is it built-out? Is there a balance of residential and employment uses in the County?

The County is made up of different types of mixed-use communities, including residential, most of which are not built-out. The Revised General Plan calls for mixed use communities of various emphases within particular areas. The objective for all of these mixed use communities is to achieve and maintain a balance of land uses.

For instance, "Town Centers" are intended to serve as the downtown of the suburban communities west of Route 28 or south of Route 606. Town Center locations will be determined through a community planning process or during the consideration of a land development proposal that includes a community outreach and input process. Regional Office developments, such as One Loudoun support a variety of office employment in the convenience of a mixed-use setting. Residential uses are permitted in Regional Office developments that exceed 75 acres in buildable area and are contingent upon the availability of utilities, transportation facilities, and public services and implementation of the community design objectives of the Plan. They are mixed-use with emphasis on pedestrian movement and are allowed a more significant residential component than most of the County's other mixed-use land use categories. Dulles Town Center is the County's one planned "Urban Center"; it is planned as an intensive, large-scale mixed-use development with an urban pattern of residential and non-residential uses related to mass transit. "Transit-Oriented Developments" (TOD), such as Loudoun Station and Moorfield Station, are envisioned adjacent to the Dulles Greenway at the planned Route 772 metrorail station. The TOD is envisioned to be a compact, mixed-use development at densities to support a balanced mix of jobs, transportation, and high-density housing. A TOD is generally located within a ½ mile from the transit station and includes the highest-intensities in a commercial core and land uses diminishing in intensity as they increase in distance from the station.

2. ***How much mixed-use development can the area absorb? What were the conclusions of the Route 7 Retail Market Analysis and the One Loudoun Market Analysis and the One Loudoun Retail Study?***

Staff requested that the applicant submit a market study to analyze how much commercial retail and service uses, including hotels, the area could support. The applicant responded that they would be submitting a market study during the Community Development Authority review process. Absent the requested market study, the two available studies are the Route 7 Retail Market Analysis that was presented to the Board of Supervisors in December 2006 and the One Loudoun Market Analysis that was prepared in 2005.

The focus of the Route 7 Retail Market Analysis was retail; it does not evaluate mixed-use developments. The study concluded that the local population is well served by existing retail. However, it was also determined that upscale retail spending was likely leaking into shopping centers in Fairfax County, since upscale retail is limited within Loudoun County. The analysis estimated that the County could support approximately 2 to 3 million new square feet of retail based on population and employment forecasts. Approximately 2.5 million square feet of approved but not yet constructed retail development, as well as 1.8 million square feet of retail space that could be added at existing retail centers, indicates that new retail development will continue to be part of a balanced growth plan for the Route 7 study area. The study concluded the need for careful planning of new retail development within the corridor and that the County should be more selective and proactive in guiding retail development.

The One Loudoun Market Analysis concluded that within the immediate study area, which included Dulles Town Center and the Kincora property, there was a minimum of 700,000 to 800,000 square feet of retail demand at a very high price point being unmet. Also, given projected future growth, the study area could support an additional 1.2 to 1.4 million square feet of retail. However, the study warned that given the amount of competition in the area and the large amount of retail in the pipeline, they must create a one-of-a-kind destination, their design standards must exceed the quality of all other offerings in the area, and they must have a very strong marketing campaign in order to compete with Dulles 28, Moorefield Station, and the Village of Leesburg. The study also found that one 250 to 300 room luxury full-service hotel would meet the demand in the immediate study area. Regarding office development, the study noted that office is not active in the marketplace, but identified Government GSA (high security, minimum security, and low security) and corporate build-to-suits as the two viable office products in the market. The study cautioned that speculative multi-tenant office buildings were quite risky given the enormous amount of vacancies in the study area. Residential absorption was not an issue according to the study.

3. What are the two approved mixed use projects within the Fairfax County Route 28 Tax District and are they built-out?

Arrowbrook Centre, located in the southwest quadrant of Route 28 and Centreville Road, is a 51-acre mixed-used development approved by Fairfax County in 2005. The project is approved for up to 872 multi-family residential units (5 residential buildings with ground floor retail) 800,000 square feet of office, 187,000 square feet of retail, and 240,000 square feet of hotel at an FAR of 0.95. Fairfax County staff advise that the development is doing very well. Construction of infrastructure is well underway. Some sections have been constructed, while others are under construction or in the site plan stage.

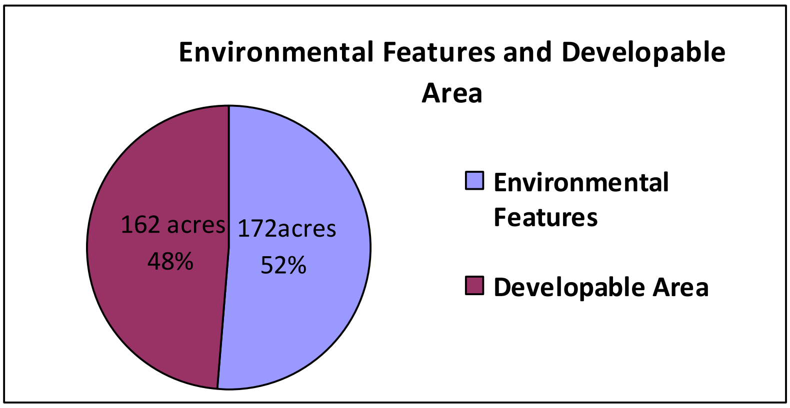
In 2006, Fairfax County approved EDS/Lincoln at the northwest corner of Centreville Road and Wall Road. It is a 64-acre mixed-used development approved for up to 1,159 multi-family residential units, 640,000 square feet of office, and 107,000 square feet of retail at an FAR of 0.69. According to Fairfax County staff, nothing is on the ground, and the project is in bankruptcy.

4. What is the distance between the proposed residences and the water treatment facility?

The distance between the closest structure of the existing treatment facility and the proposed residential units is approximately 4,000 feet. There is approximately 1,000 feet between the property line of the water treatment facility and the residential units.

5. Provide a pie chart showing the overall land uses including open space, civic space, and roads.

Environmental Features, including conservation areas and River and Stream Corridor Resources, comprise 172 acres. Developable acreage is 162 acres.



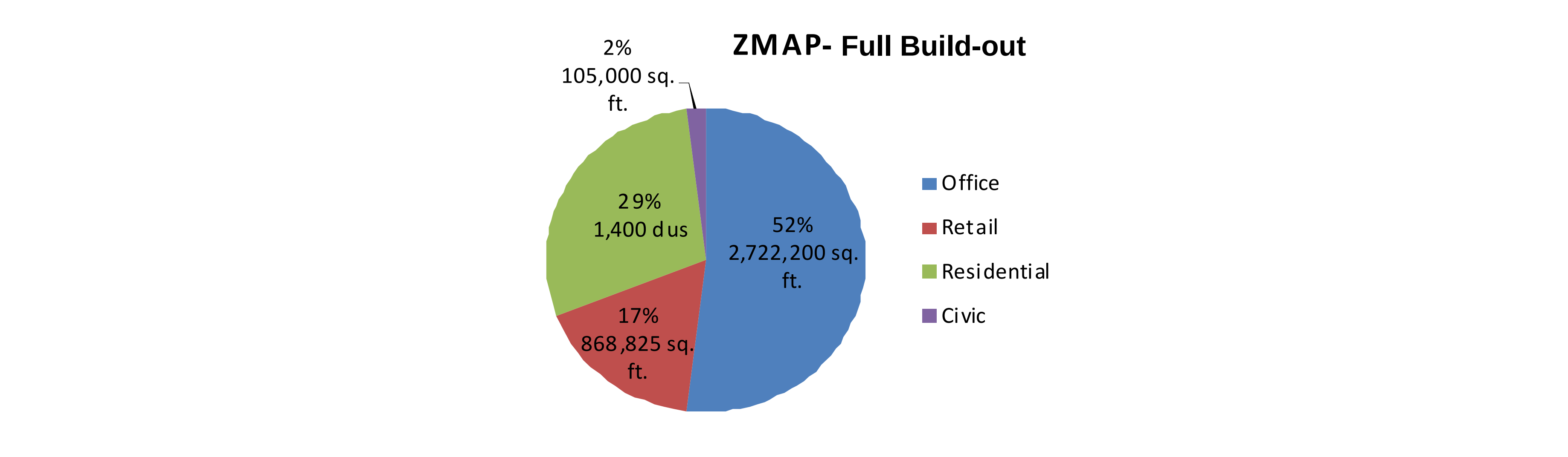
6. Provide a pie chart showing the "best case scenario" (project at full build-out).

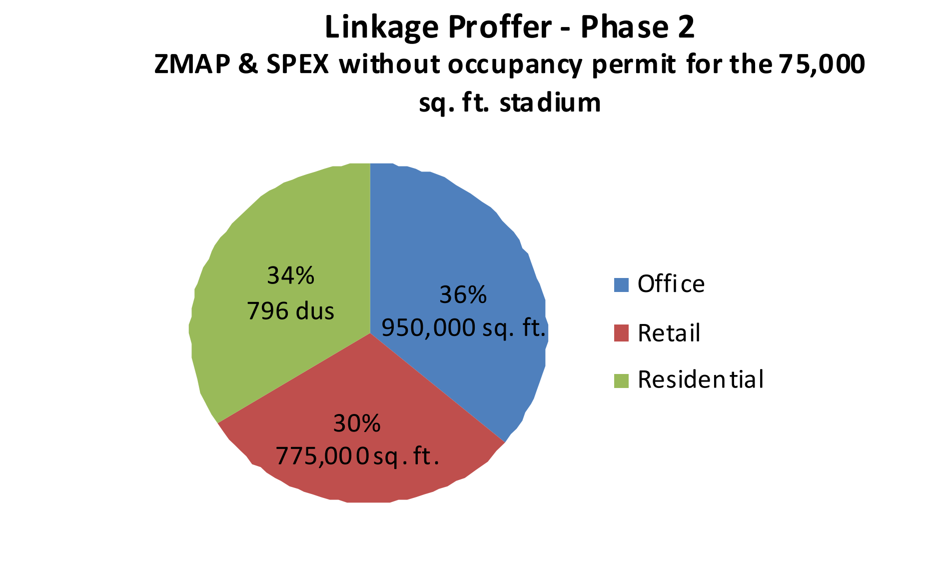
The table and pie charts below show the land use mix for the Kincora project at full-build out and compare that with how much development the applicant has proffered to construct. The table also provides a breakdown of the floor area in the approved special exception and the proposed rezoning. Note that once zoning permits for non-residential development within Phase 2 have been issued, there are no further linkages on the timing of residential or retail uses. The applicant could develop the remaining residential and retail uses without developing any additional office square footage.

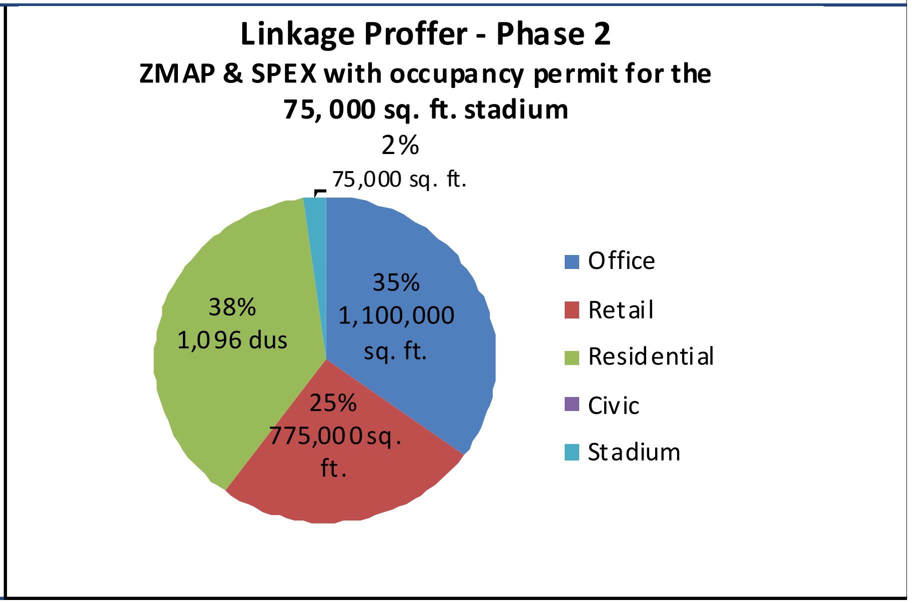
Table 1. Comparison of the Proposed Maximum Development Potential and the Proffered Development

Maximum Floor Area by Kincora Application	Office (sq. ft.)	%	Commercial Retail & Services (sq. ft.)	%	Residential (dwelling units)	%	Civic (sq. ft.)	%	Stadium (sq. ft.)	%
ZMAP	2,722,200	52%	868,825	17%	1,400	29%	105,000	2%	0	0
SPEX	901,211	86%	74,000	7%	0	0	0	0	75,000	7%
ZMAP & SPEX	3,623,411	58%	942,825	15%	1,400	25%	105,000	2%	75,000	1%
Linkage Proffer I.F.										
Phase 2 (ZMAP & SPEX *without* a zoning permit for stadium)	950,000	36%	775,000	30%	796	34%	0	0	0	0
Remaining Development	2,673,411		167,825		604		105,000		75,000	
Phase 2 (ZMAP & SPEX *with* zoning permit for stadium)	1,100,000	35%	775,000	25%	1,096	38%	0	0	75,000	2%
Remaining Development	2,523,411		167,825		304		105,000		0	

Source: Proffer Statement, April 26, 2010


ZMAP- Full Build-out
2%
105,000 sq. ft.
29%
1,400 dus
52%
2,722,200 sq. ft.
17%
868,825 sq. ft.
Office
Retail
Residential
Civic


Linkage Proffer - Phase 2
ZMAP & SPEX without occupancy permit for the 75,000 sq. ft. stadium
34%
796 dus
36%
950,000 sq. ft.
30%
775,000 sq. ft.
Office
Retail
Residential


Linkage Proffer - Phase 2
ZMAP & SPEX with occupancy permit for the 75, 000 sq. ft. stadium
2%
75,000 sq. ft.
38%
1,096 dus
35%
1,100,000 sq. ft.
25%
775,000 sq. ft.
Office
Retail
Residential
Civic
Stadium

7. *Would the Transfer of Development Rights be an option for this application?*

As a tool for obtaining open space, the Plan permits the transfer of density from areas that are designated priority open space areas or greenbelts to appropriate suburban areas provided the new development does not exceed the receiving area's designated density cap and is within the same suburban community. There is also Plan guidance to obtain enabling legislation to conduct a formal Transfer of Development Rights program. Such enabling legislation has recently been provided to Virginia localities; however, the County has not yet established the necessary ordinance to implement it. Notwithstanding the lack of an ordinance for a Transfer of Development Rights program, the Plan permits the transfer of density from the river and stream corridor resource area to developable areas on the site.

8. *When was the PD-MUB district created and what was the vote?*

On December 18, 2007, the Board of Supervisors voted 8-1 (Burton, Clem, Kurtz, Snow, Staton, Tulloch, Waters, York – yes; Delgaudio – no) to amend the Revised 1993 Zoning Ordinance to add a new Planned Development-Mixed Use Business District (ZOAM 2007-0003).

9. *When will the roads be in place to mitigate the traffic generated by the stadium?*

The Conditions of Approval for the Kincora special exception were written to ensure that the traffic generated by the special exception would be mitigated, regardless of whether or not the stadium was built. If the approved Kincora special exception develops, the phasing for Pacific Boulevard would be as follows:

Table 3. Kincora SPEX (stadium, office and retail)
Approved Road Improvement Phasing

Improvement	Trigger
• Construct a 4-lane divided section of Pacific Blvd from Gloucester Pkwy to the northernmost property entrance	Prior to approval of (1) the first site plan for the stadium or (2) the site plan for over 300,000 square feet of office uses, whichever occurs 1st
OR If the first site plan does not include the stadium or over 300,000 square feet of office uses: • Construct a ½ section (2 lanes) of Pacific Blvd from Gloucester Pkwy to the northernmost property entrance	Prior to approval of the first site plan for the Special Exception Area
• Construct dual left turn lanes from southbound Pacific Blvd onto eastbound Gloucester Pkwy and single left turn lanes from northbound Pacific Blvd into 2 site drives	Prior to approval of the first site plan that includes the recreational facility
• Install traffic signals at each of the 3 site entrance intersections with Pacific Blvd and at the intersection of Pacific Blvd and Gloucester Pkwy	When warranted

10. *Confirm that no capital facility credit has been given for workforce housing.*

The residential buildings within Kincora are expected to have 4 stories and elevators; therefore, the project is exempt from the Affordable Dwelling Unit Ordinance. However, the Revised General Plan housing policies encourage mixed-use projects to fulfill unmet housing needs.[2] The applicant has proffered 228 dwelling units to meet unmet housing needs. None of the 228 units meet the income requirements or the interspersion requirements of Article 7 of the Zoning Ordinance or Chapter 1450 of the Loudoun County Codified Ordinances. Therefore, staff did not deduct any of the units from the anticipated capital facility contribution. Staff has verified that previously approved applications have resulted in units as well as cash contributions to be used towards unmet housing needs, however; none of these applications received capital facility credit for these units.

Twelve of the 228 units are proffered to be affordable for purchase or rental by households whose income does not exceed 30% of the AMI; it may be reasonable to exclude these from the capital facility contribution. If the Board wishes to give these 12 units capital facility "credit" the capital facility impact of the proposed development would be reduced to $32,976,104.

11. What is the tax payout to the County for Dulles Town Center? What is the economic impact of other mixed use developments in the County? How many residential units and how much office space would have to be built to reach a break even point for the County in terms of net revenue to the County?

Finance staff advise that a response to these questions requires more time than is available prior to the June 2, 2010 Committee of the Whole meeting. Staff will be available on June 2nd to give an update.

12. How does the design of the project impact economic development?

The Revised General Plan (RGP) identifies the Route 28 Corridor as the major north-south business corridor within the County. While the proffers commit to a minimum of 4 stories or 50 feet in height and no freestanding retail within 200 feet of the Route 28/Pacific Boulevard frontage, the proffered timing of office uses along the Route 28/Pacific Boulevard frontage does not ensure that the buildings would develop as envisioned by the RGP.

A continuous street frontage within the mixed-use core allows for the integration of uses and pedestrian connections, which helps to support the overall employment corridor. Large surface parking lots along the project's primary streets signal to pedestrians that they are in an automobile-dominated environment that does not cater to pedestrian mobility and safety. Staff recommends the applicant proffer to line a minimum of 80% of all block frontages along Roads 2, 6, 8, and 9 with buildings, excluding open spaces.

13. What are the air quality impacts due to automobile emissions?

Staff normally does not review this issue from a local perspective, except for a development's effect of transportation capacity and for highway noise. The County Energy Manager who attends the COG Air Quality technical committee meetings makes two observations relevant to the air quality committee's work. First, walkable mixed use developments are projected to reduce vehicle miles

[2]Unmet housing needs are defined as the lack of housing options for households earning up to 100% of the Washington Metropolitan Area Median Income (AMI, $103,500 effective May 14, 2010). The area of need for rental units is different than units for purchase.

travelled for internal uses and thus have benign air quality effects. Second, adjacent uses like baseball stadiums that bring in large traffic volumes for events might reduce air quality for adjacent uses.

The table below summarizes the Board's questions and direction for the applicant from the May 10, 2010 public hearing and the May 18, 2010 Committee of the Whole. The applicant will be prepared to respond during the June 2, 2010 Committee of the Whole meeting.

Topic Area	Board Questions and Direction for the Applicant
Land Use	• What is the projected rate of office absorption for this development? • Consider adding "non-compete" language similar to One Loudoun. • Segregate the residential and commercial uses by parcels or condominium ownership for Route 28 Tax District purposes. • Consider 5 acres of floodplain for Lower Loudoun sports.
Transportation	• Provide the Pacific Boulevard alignment that would least impact the two residences. • Consider constructing 2 lanes of Gloucester Parkway so the connection could be provided earlier.
Capital Facilities	• Provide an appraisal for the floodplain proposed as a capital facility contribution. Separate the 5-acre public use site from the PPEA process. • Construct access to the 5-acre public use site and extend utilities to it prior to conveyance.
Fiscal Analysis	• Are the assumptions in the applicant's fiscal analysis optimistic, warranting further explanation?
Other	• BOS member requested to see phasing details both in terms of transportation and land use and that phasing does not involve the stadium based on understanding reached during special exception review.

DRAFT MOTIONS:

1. I move that the Board of Supervisors forward ZMAP 2008-0021, Kincora Village Center, to a business meeting for action. *[A timeline extension is necessary.]*

OR

2. I move that the Board of Supervisors forward ZMAP 2008-0021, Kincora Village Center, to the Committee of the Whole for further discussion. *[A timeline extension is necessary.]*

OR

3. I move an alternate motion.

ATTACHMENTS:

1. Applicant's Draft Revised Proffer Language and Alternative Proposal to Construct Gloucester Parkway Earlier without a CDA (May 28, 2010)
2. Updated Land Use Impact Factors

KINCORA

The Crossroads of Commerce and Knowledge

May 28, 2010

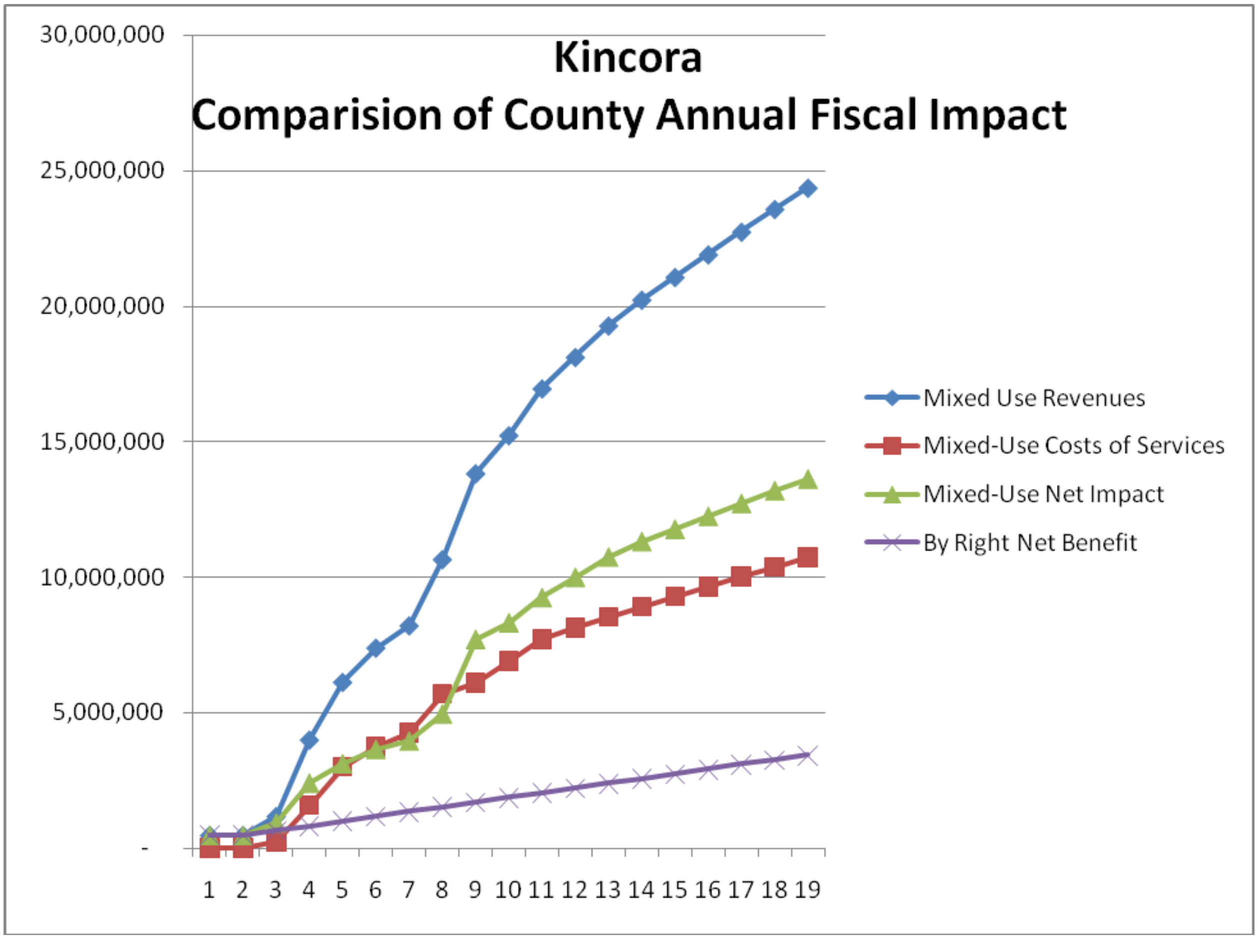
Proposal to Accelerate Construction of Gloucester Parkway Bridge

In the Board's Committee of the Whole meeting on May 18, certain questions came up with respect to the fiscal impacts of the Kincora project and the delivery of the Gloucester Parkway bridge with traditional proffered transportation phasing, as opposed to a Community Development Authority ("CDA") financing.

With regard to fiscal impacts, Supervisor Burton previously had raised concerns with the assumed household income levels of condominium owners at Kincora. He also asked us to demonstrate when the break-even crossover point for fiscal impacts occurs for our mixed-use plan in contrast to by-right development.

Background on and Changes to Fiscal Impact Reports. In our first re-zoning application, we produced a Fiscal Impact Report dated 3-1-2007 prepared by John Petersen, George Mason Professor of Public Policy and Finance (the "2007 Report"). It contrasted the tax impacts of our proposed mixed –use development with those of a "by-right" development if the property were to build out under the existing zoning in the historical flex/industrial pattern of the Route 28 Corridor in Loudoun County. The 2007 Report depicted a 15 year build-out of the property, which was the only point County Staff took issue with. Accordingly, as we returned for the recent special exception and the current rezoning applications, we made the suggested changes to the absorption schedule in a Fiscal Impact Analysis dated September 28, 2008 by the same author (the "2008 Report"). As suggested by the County Finance Staff, we extended the build-out period to 19 years and added the impact of the proposed ballpark, but in all other respects, the reports were quite consistent in showing a dramatic positive tax impact for the mixed-use alternative. That 2008 Report was updated by John Petersen in a letter dated October 22, 2009 which affirmed the major assumptions of the prior report.

Supervisor Burton questioned the assumptions in the 2008 Report as they relate to the assumed price of condominiums at Kincora and the annual household Income of their owners. In addition, due to changes in the densities and mix of the project (for instance, one hotel was eliminated during the Planning Commission review) we thought it was important to update the tax impact picture taking Supervisor Burton's concerns into account as well as the shifts in proposed mix of uses as a result of the revisions made with the Planning Commission. Accordingly, we have reduced the value of the proposed condominiums by 25%, bringing the assumed annual household income down to $110K from the $150K figure Mr. Burton questioned. Even with these changes, the resulting analysis continues to paint an overwhelmingly positive fiscal impact picture for higher value, denser, mixed-use development, as depicted in the following graph.



The foregoing impacts do not include the value of taxes generated by construction activities or the value of proffers public improvements built by Kincora which are significant in their own right.

The crossover break-even point for the County is immediate because (1) currently the only tax revenues are on vacant PD-IP-zoned land, (2) the multifamily units generate relatively few students and are phased throughout the build-out of the project, and (3) all of the proposed land uses will contribute more to the County tax base than the flex/industrial base line.

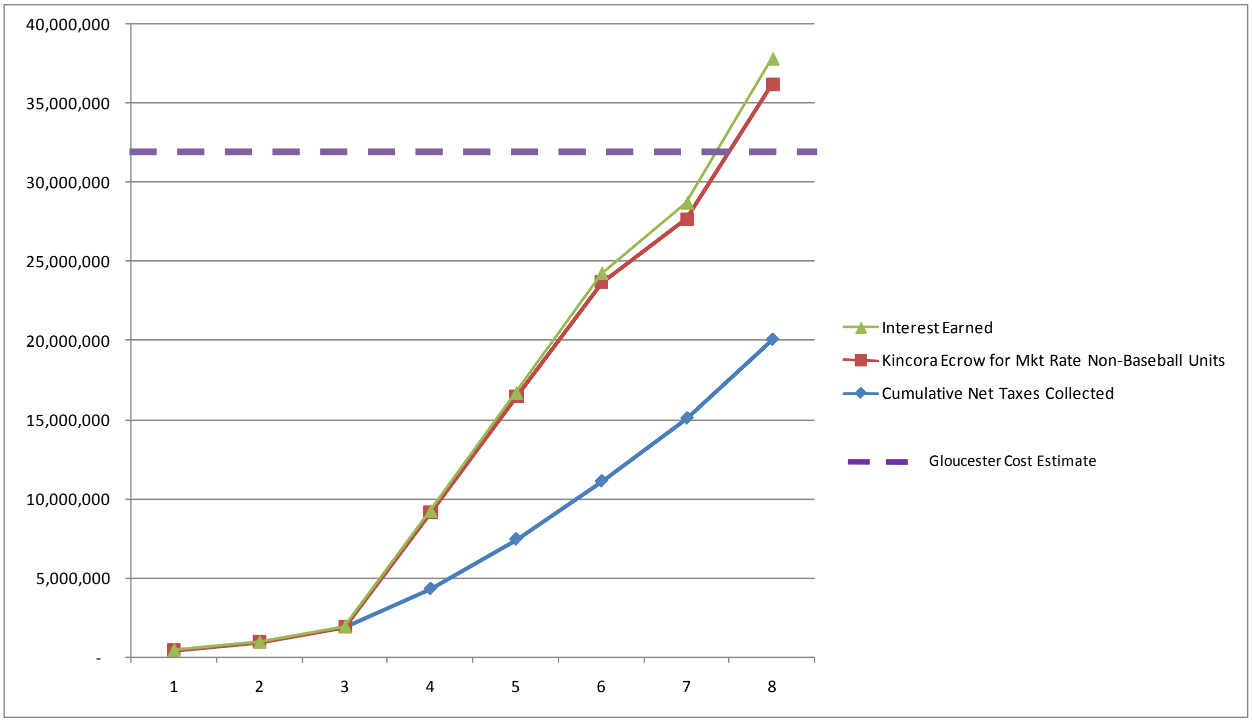
Opportunity for Gloucester Bridges. The overwhelmingly positive fiscal impacts of our proposed mixed-use development create an opportunity to address the concern articulated at the Committee of the Whole meeting that, if the CDA is not ultimately approved and CDA bonds issued for Kincora's regional road network, Kincora's transportation phasing plan may not deliver this desperately needed Gloucester Parkway bridge for a decade or more.

Our proffered transportation phasing plan, without the CDA, will deliver the two key Broad Run crossings when needed to support the traffic generated by Kincora, making the Pacific-Russell Branch bridge the earlier priority in the sequence. This is consistent with the phased approach to road improvements taken in other approved rezoning applications.

However, we also share the County's desire for the regional benefits that will be brought by the construction of the $32 million Gloucester Parkway bridge. Our preference is to build it, without cost to the taxpayers, through our proposed CDA. However, in response to the Supervisors' concerns, we have developed a proposal that will enable the County to accelerate construction of the Gloucester Parkway bridge should the CDA not move forward in a timely fashion.

Currently, as vacant land, Kincora generates a modest level of tax revenue for the County. This picture will change dramatically as we move forward on mixed-use development as reflected in the chart above. In the event a CDA is not approved, those additional tax revenues could be combined with the equivalent of a per unit capital facilities payment ($23,758 per unit) by Kincora for its market rate, non-ballpark units to finance construction of Gloucester Parkway much sooner than would be accomplished with a traditional phasing approach. Kincora would proffer that if the County has not created a CDA within one (1) year of the approval of the rezoning and bonds not issued within three (3) years, Kincora will escrow with the County a capital facility charge per unit, as units are built, to be held by the County to pay for the Gloucester Parkway bridge. With those cash payments from Kincora, and the additional tax revenue collected by the County from the Kincora mixed-use development, the County will have sufficient funds to construct the Gloucester Parkway bridge within eight years of the approval of this rezoning, without using a CDA. This solution still leaves Kincora responsible for well more than its 30% share of the Gloucester Parkway bridge traffic at full build-out. In addition, Kincora would remain 100% responsible for the extension of Pacific Boulevard across Broad Run to Russell Branch Parkway.

The following chart depicts the cumulative revenue available to implement this option for construction of the Gloucester Parkway bridge.



The cumulative net taxes in the above chart do not include taxes generated by construction activity and are stated in constant 2008 dollars (consistent with the 2008 Report). This solution combines cash payments from the Applicant with the positive tax benefits of the development to enable the County to accelerate construction of Gloucester Parkway should the CDA not move forward and the County decides not to wait for construction under the traditional rezoning phasing proffers. At such time as construction of Gloucester Parkway bridge proceeds - whether by CDA, with County participation or under the traditional rezoning phasing - the accumulated capital facility payments from Kincora, with any accumulated interest, would be used to construct the bridge.

Michael W. Scott, Managing Member

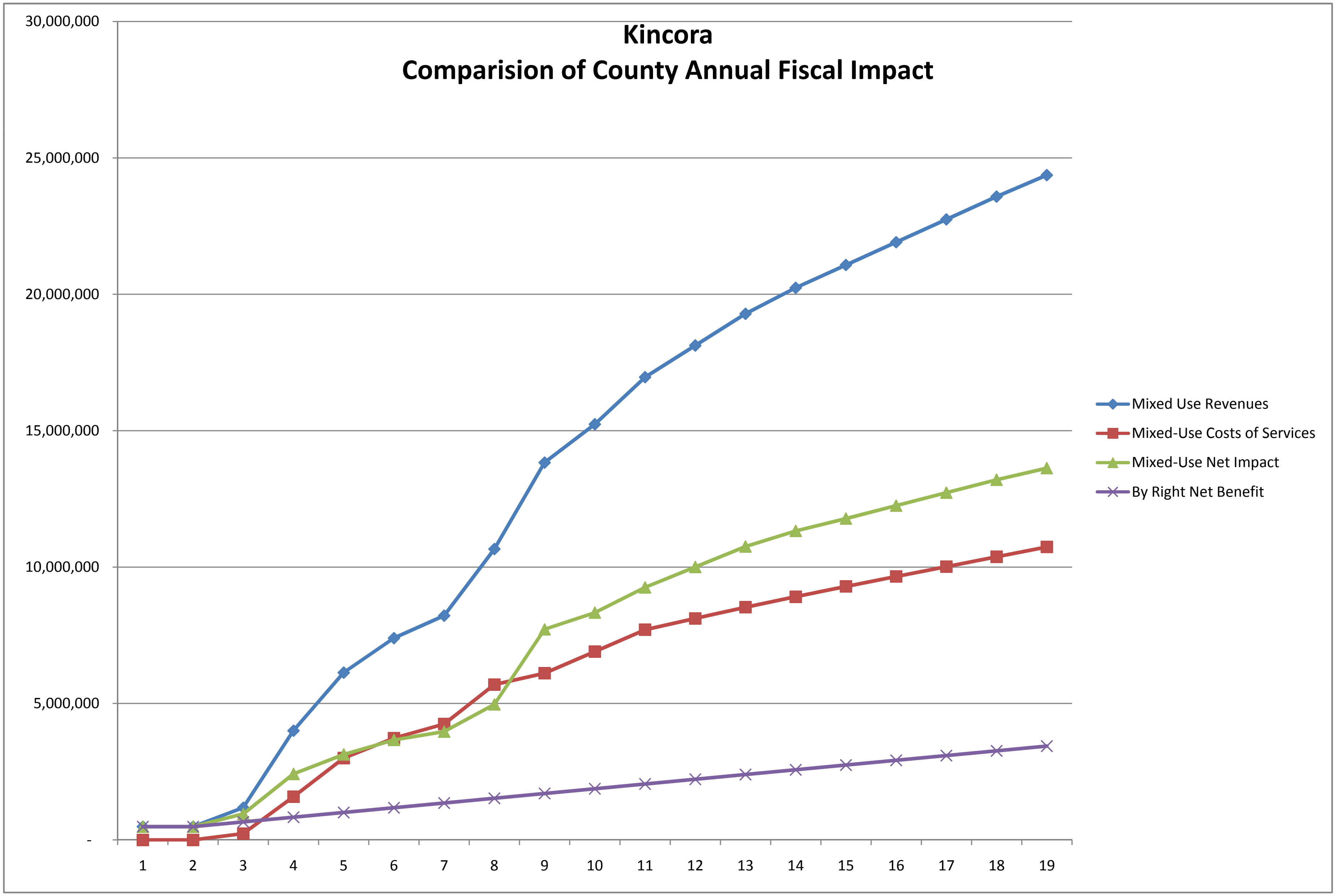
NA Dulles Real Estate Investor LLC

Kincora Fiscal Impacts
Update from 2008 Report

May 28, 2010

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Development Type Added (Sq.Ft.)																						
Office		-	-	75,000	125,000	150,000	150,000	200,000	200,000	200,000	200,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	282,200	-	3,982,200
Retail		0	0	75,000	37,500	37,500	-	-	75,000	75,000	-	50,000	50,000	50,000	17,825	-	-	-	-	-	-	467,825
Hotel		0	0	-	110,000	-	-	-	-	365,000	-		-	-	-	-	-	-	-	-	-	475,000
Cultural				-	75,000				120,000													195,000
Apartment	1,131.429	-	-	-	339,429	198,000	-	84,857	169,714	-	-	-	-	-	-	-	-	-	-	-	-	792,000
Condo	1,074.286	-	-	-	-	161,143	161,143	-	161,143	-	161,143	107,429	-	-	-	-	-	-	-	-	-	752,000
Total Development by Year				150,000	617,500	337,500	520,000	435,000	635,000	350,000	275,000	1,342,500	425,000	350,000	350,000	427,500	300,000	300,000	300,000	300,000	-	6,664,026
Units by Year																						
Hotel				-	200	-	-	-	-	370	-		-	-	-	-	-	-	-	-	-	570
Apartments				-	300	175		75	150	-	-	-	-	-	-	-	-	-	-	-	-	700
Condos				-	-	150	150		150		150	100	-	-	-	-	-	-	-	-	-	700
Cumulative Development Sq. Ft. by Year																						
Office				75,000	200,000	350,000	500,000	700,000	900,000	1,100,000	1,300,000	1,600,000	1,900,000	2,200,000	2,500,000	2,800,000	3,100,000	3,400,000	3,700,000	3,982,200	3,982,200	3,982,200
Retail				75,000	112,500	150,000	150,000	150,000	225,000	300,000	300,000	350,000	400,000	450,000	467,825	467,825	467,825	467,825	467,825	467,825	467,825	467,825
Hotel				-	110,000	110,000	110,000	110,000	110,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000
Cultural				-	75,000	75,000	75,000	75,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000
Apartment				-	339,429	537,429	537,429	622,286	792,000	792,000	792,000	792,000	792,000	792,000	792,000	792,000	792,000	792,000	792,000	792,000	792,000	792,000
Condo				-	-	161,143	322,286	322,286	483,429	483,429	644,572	752,000	752,000	752,000	752,000	752,000	752,000	752,000	752,000	752,000	752,000	752,000
Cumulative Units by Year																						
Hotel				-	200	200	200	200	200	570	570	570	570	570	570	570	570	570	570	570	570	570
Apartments				-	300	475	475	550	700	700	700	700	700	700	700	700	700	700	700	700	700	700
Condos				-	-	150	300	300	450	450	600	700	700	700	700	700	700	700	700	700	700	700
School Children #1 (0.2)				-	60	125	155	170	230	230	260	280	280	280	280	280	280	280	280	280	280	280
School Children #2 (0.11)				-	33	69	85	94	127	127	143	154	154	154	154	154	154	154	154	154	154	154
Structured Parking Spaces (Additions)					400	1,992	-	-	-	3,801	928	928	1,244	-	-	-	-	-	-	-	-	9,293
Cumulative Non-Residential				150,000	497,500	685,000	835,000	1,035,000	1,430,000	2,070,000	2,270,000	2,620,000	2,970,000	3,320,000	3,637,825	3,937,825	4,237,825	4,537,825	4,837,825	5,120,025	5,120,025	5,120,025
Cumulative Residential				-	339,429	698,572	859,715	944,572	1,275,429	1,275,429	1,436,572	1,544,001	1,544,001	1,544,001	1,544,001	1,544,001	1,544,001	1,544,001	1,544,001	1,544,001	1,544,001	1,544,001
Undeveloped FAR		6,664,026	6,664,026	6,514,026	5,827,097	5,280,454	4,969,311	4,684,454	3,958,597	3,318,597	2,957,454	2,500,025	2,150,025	1,800,025	1,482,200	1,182,200	882,200	582,200	282,200	-	-	-
Employment:																						Total
Office				150	400	700	1,000	1,400	1,800	2,200	2,600	3,200	3,800	4,400	5,000	5,600	6,200	6,800	7,400	8,000	8,000	8,000
Retail				128	191	255	255	255	383	510	510	595	680	765	795	795	795	795	795	795	795	795
Hotel				-	90	90	90	90	90	257	257	257	257	257	257	257	257	257	257	257	257	257
Cultural				-	-	-	-	-	36	36	36	74	74	74	74	113	113	113	113	113	113	113
Ballpark				109	109	109	109	109	109	109	109	109	109	109	109	109	109	109	109	109	109	109
Apartments				-	30	48	48	55	70	70	70	70	70	70	70	70	70	70	70	70	70	70
Condos				-	-	9	18	18	27	27	36	42	42	42	42	42	42	42	42	42	42	42
Total Employment				387	821	1,211	1,520	1,927	2,515	3,209	3,618	4,347	5,032	5,717	6,347	6,986	7,586	8,186	8,786	9,386	9,386	9,386
Number of Residents:																						
Apartments				-	570	903	903	1,045	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330
Condos				-	-	285	570	570	855	855	1,140	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330
Total				-	570	1,188	1,473	1,615	2,185	2,185	2,470	2,660	2,660	2,660	2,660	2,660	2,660	2,660	2,660	2,660	2,660	2,660
Revenues by Type	Per Unit																					
Apartments	$ 3,627.06				1,088,118	1,722,854	1,722,854	1,994,883	2,538,942	2,538,942	2,538,942	2,538,942	2,538,942	2,538,942	2,538,942	2,538,942	2,538,942	2,538,942	2,538,942	2,538,942	2,538,942	39,534,954
Condos	$ 5,722.90				-	858,435	1,716,870	1,716,870	2,575,305	2,575,305	3,433,740	4,006,030	4,006,030	4,006,030	4,006,030	4,006,030	4,006,030	4,006,030	4,006,030	4,006,030	4,006,030	52,936,825
Office	$ 2.86			214,500	572,000	1,001,000	1,430,000	2,002,000	2,574,000	3,146,000	3,718,000	4,576,000	5,434,000	6,292,000	7,150,000	8,008,000	8,866,000	9,724,000	10,582,000	11,389,092	11,389,092	98,067,684
Retail	$ 6.58			493,500	740,250	987,000	987,000	987,000	1,480,500	1,974,000	1,974,000	2,303,000	2,632,000	2,961,000	3,078,289	3,078,289	3,078,289	3,078,289	3,078,289	3,078,289	3,078,289	39,067,270
Hotel	$ 5,812.98			-	1,162,596	1,162,596	1,162,596	1,162,596	1,162,596	3,313,399	3,313,399	3,313,399	3,313,399	3,313,399	3,313,399	3,313,399	3,313,399	3,313,399	3,313,399	3,313,399	3,313,399	45,573,763
Cultural	$ 0.22			-	16,500	16,500	16,500	16,500	42,900	42,900	42,900	42,900	42,900	42,900	42,900	42,900	42,900	42,900	42,900	42,900	42,900	623,700
Undeveloped FAR	$ 7.29	486,000	486,000	475,061	424,964	385,098	362,406	341,632	288,696	242,022	215,684	182,324	156,799	131,274	108,095	86,217	64,338	42,459	20,581	-	-	4,499,648
Total Revenues		486,000	486,000	1,183,061	4,004,428	6,133,482	7,398,226	8,221,481	10,662,939	13,832,567	15,236,664	16,962,595	18,124,070	19,285,544	20,237,654	21,073,776	21,909,897	22,746,018	23,582,140	24,368,651	24,368,651	280,303,844
Expenditures																						
Employees	$ 602			232,874	493,991	728,922	914,940	1,160,255	1,513,930	1,931,718	2,177,936	2,616,944	3,029,314	3,441,684	3,821,126	4,205,353	4,566,553	4,927,753	5,288,953	5,650,153	5,650,153	52,352,549
Residents	$ 966			-	550,620	1,147,125	1,422,435	1,560,090	2,110,710	2,110,710	2,386,020	2,569,560	2,569,560	2,569,560	2,569,560	2,569,560	2,569,560	2,569,560	2,569,560	2,569,560	2,569,560	36,983,310
School Ops	$ 9,000			-	540,000	1,125,000	1,395,000	1,530,000	2,070,000	2,070,000	2,340,000	2,520,000	2,520,000	2,520,000	2,520,000	2,520,000	2,520,000	2,520,000	2,520,000	2,520,000	2,520,000	36,270,000
Total Expenses		-	-	232,874	1,584,611	3,001,047	3,732,375	4,250,345	5,694,640	6,112,428	6,903,956	7,706,504	8,118,874	8,531,244	8,910,686	9,294,913	9,656,113	10,017,313	10,378,513	10,739,713	10,739,713	125,605,859
Net Fiscal Benefit		486,000	486,000	950,187	2,419,817	3,132,435	3,665,851	3,971,136	4,968,299	7,720,140	8,332,709	9,256,090	10,005,195	10,754,300	11,326,968	11,778,863	12,253,784	12,728,706	13,203,627	13,628,938	13,628,938	154,697,984

Condo Owner HH Income	
Condo Cost	450,000.00
Down Pay	90,000.00
Mortgage	360,000.00
Term	25
Rate	5.5%
Monthly Payment	$2,210.71
Monthly Taxes	$375.00
HH Income	$110,816.36


Kincora
Comparision of County Annual Fiscal Impact
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
1
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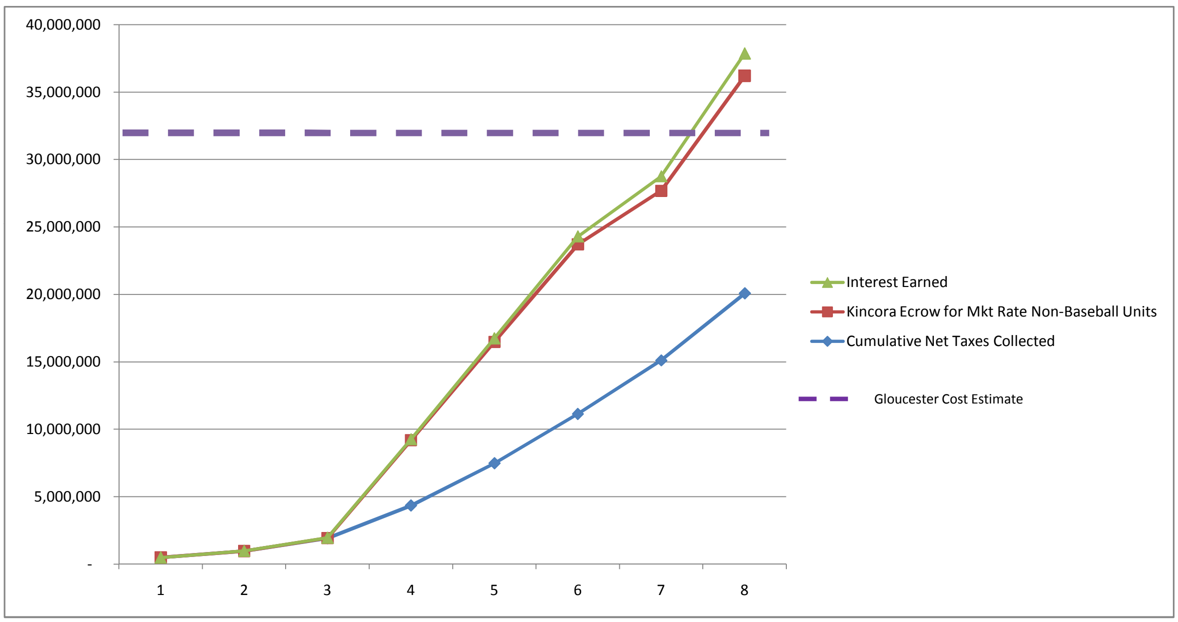
Mixed Use Revenues
Mixed-Use Costs of Services
Mixed-Use Net Impact
By Right Net Benefit

Kincora
Alternative Funding Plan for Gloucester Pkwy Bridge

May 28, 2010

	1	2	3	4	5	6	7	8
Cumulative Net Taxes Collected	486,000	972,000	1,922,187	4,342,004	7,474,439	11,140,290	15,111,427	20,079,726
Kincora Ecrow for Mkt Rate Non-Baseball Units				4,846,632	9,004,282	12,567,982	12,567,982	16,131,682
Interest Earned		9,720	29,354	68,385	253,526	588,171	1,074,099	1,649,170
Total Available								
Total Escrow	486,000	981,720	1,951,541	9,257,021	16,732,247	24,296,443	28,753,508	37,860,578

Apartments				300	175	0	75	150
Condo				0	150	150	0	150
Total				300	325	150	75	300
ADUs				-96				-75
Baseball					-150	0	-75	-75
Contributing Units				204	175	150	0	150
				204	379	529	529	679
Per Unit Escrow Contribution	$ 23,758							
Interest Rate	2%							



May 27, 2010

KINCORA VILLAGE CENTER
ZMAP 2008-0021

SCENARIO 1 NO REZONING	SCENARIO 2 REZONING APPROVED CDA APPROVED	SCENARIO 3 REZONING APPROVED NO CDA - TYPICAL PHASING	SCENARIO 4 – NEW REZONING APPROVED NO CDA - GLOUCESTER EXPEDITED
Property subdivided and developed ad hoc with by-right flex industrial uses – **not** **keynote**	Property developed as a mixed-use employment center with unified design Class A office along Route 28	Property developed as a mixed-use employment center with unified design Class A office along Route 28	Property developed as a mixed-use employment center with unified design Class A office along Route 28
No Fire & Rescue site	Fire & Rescue site dedicated at no cost ($3,250,000 value) Grading, utilities and access provided ($497,720 value)	Fire & Rescue site dedicated at no cost ($3,250,000 value) Grading, utilities and access provided ($497,720 value)	Fire & Rescue site dedicated at no cost ($3,250,000 value) Grading, utilities and access provided ($497,720 value)
No right-of-way or funds for Gloucester or Pacific crossings	100% of Gloucester and Pacific, including off-site right-of-way, paid by Applicant Crossings constructed within 3± years of CDA creation	100% of Gloucester and Pacific, including off-site right-of-way, paid by Applicant Roads constructed when Kincora traffic demands Pacific crossing prior to Kincora Phase 2 (7± years) Gloucester crossing prior to Kincora Phase 3 (11± years)	40% of Gloucester by Applicant 60% of Gloucester with other funds (covered by net Kincora taxes) 100% of Pacific by Applicant Roads constructed when Kincora traffic demands or Gloucester sooner if County accelerates Applicant pays per unit/square foot to expedite Gloucester Gloucester 8± years (earlier with County debt financing) Pacific 7± years
No 162-acre public park with trails; no enhanced environmental protections	162-acre park dedicated to County with key trail connections and enhanced environmental protections	162-acre park dedicated to County with key trail connections and enhanced environmental protections	162-acre park dedicated to County with key trail connections and enhanced environmental protections
Projected $41 million net fiscal positive (19 years)	Projected $170 million net fiscal positive (19 years) + regional roads	Projected $170 million net fiscal positive (19 years) + regional roads	Projected $170 million net fiscal positive (19 years) + regional roads

UPDATED LAND USE IMPACT FACTORS

Categories	*Factors*
Proposed residential units by type	MF: 1,400 ADU: 0 **Total: 1,400**
Allowable residential units by-right	**0** *(Residential is not permitted in PD-IP.)*
Current units existing and approved in the sub-area *(projects of 20+ units)*	48,741 *(2007/2008 Growth Summary)*
Student generation from proposal *(Based on 1,400 multi-family dwelling units)*	HS: 98 MS: 80 ES: 186 **Total: 364**
Schools assigned *(Based on September 30, 2009 enrollment. School Board may modify attendance zones.)*	Total capacity / Student enrollment HS: Broad Run 1,654 / 1,603 (with trailers) MS: Stone Hill 1,329 / 1,050 ES: Steuart W. Weller 853 / 715
Anticipated Capital Facility contribution	***$33,261,200** *(based on July 21, 2009 adopted CIF)*
Proffered Capital Facility contribution *(consistent with proffer policies)* Proposed Capital Facility credits *(consistent with Board action)* Other proposed facility credits *(not consistent with proffer policies)*	**Cash:** none $0 **Land:** 5-acre public use site + site grading $3,329,120 **Trails:** 23,590 linear feet $935,484 **$4,264,604** **Road Improvements:** ****$24,895,078** *(above and beyond impacts)* **Observation Platform:** **$25,000** **TOTAL: $29,184,682**
Open Space easement contribution	162-acre floodplain dedication
Fire & Rescue contribution	**Cash:** $250/residential unit ($**350,000)** $0.10/square foot of non-residential **($397,392)**
Proffered Transportation Contributions	**Road Construction:** 1. Gloucester Pkwy from Loudoun County Pkwy to Nokes Blvd, including a bridge over Broad Run and 10' wide multi-purpose trail along the north side ($**31,994,649)** 2. Pacific Blvd from southern property boundary to Russell Branch Pkwy including bridge over Broad Run and 10' multi-purpose trail along the west side (**$11,019,649)** 3. Up to 5 traffic signals at $300,000 each if warranted **Transit Capital Costs:** $575/residential unit (**$805,000)** 2 bus shelters

* $32,976,104 if the 12 units for households earning up to 30% AMI are deducted.

**Staff would support $2.2 million with the currently proffered phasing.